

# **Overview of Massachusetts Health Reform:**

## **Exchange Design Issues & Lessons Learned**

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### **Agenda**

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1. Progress to date
2. First steps & strategy for exchanges
3. Lessons learned

## Exchange Functions under Reform

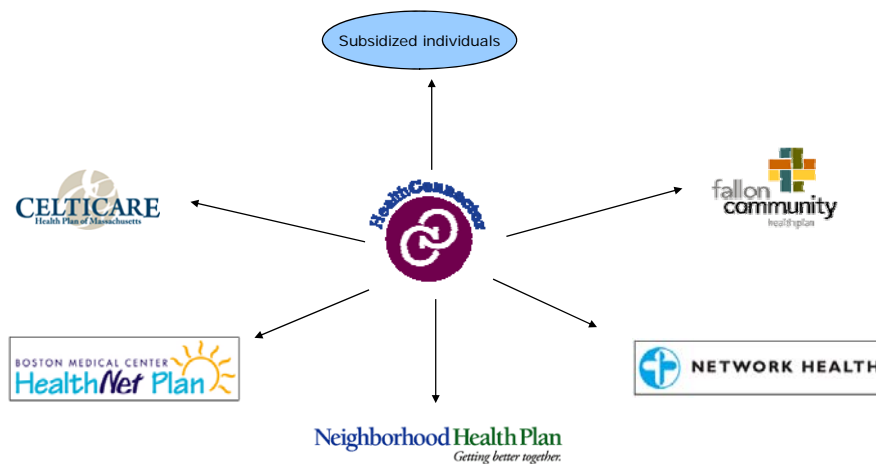
1. Determine eligibility for subsidies
2. Specify plan designs & cost-sharing
3. Select & market health plans
4. Promote choice & competition
5. Public education & outreach

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## Commonwealth Care: 185,000 mbrs

Connects eligible, uninsured, low-income residents to subsidized health plans

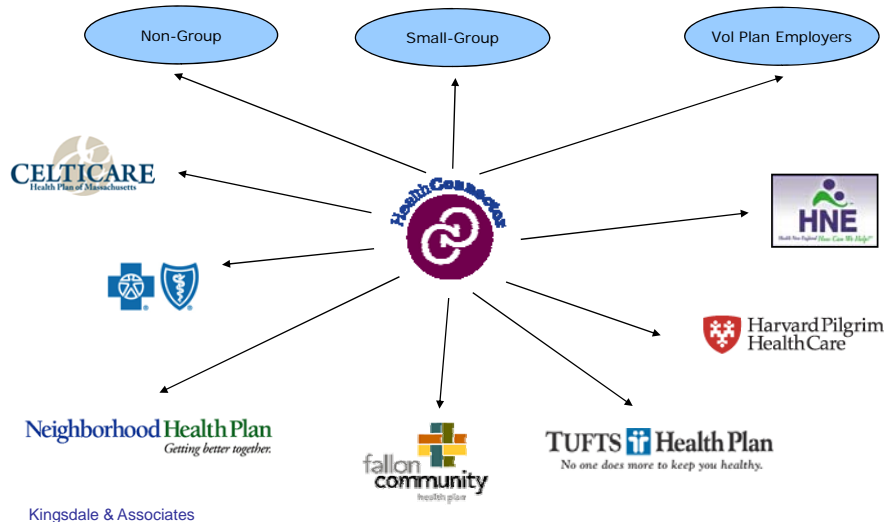


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## Commonwealth Choice: 36,000 mbrs

Connects Mass residents and businesses to commercial health insurance options



## Achievements of MA Health Reform

1. 2.6% - 2.7% uninsured
2. Of newly insured, 35% private pay
3. >98% compliance (taxpayer filings)
4. 59% - 75% public approval
5. 92 new PCCs (2009)

## There's More to the Story

"If I didn't have health insurance, I would never have made an appointment with my doctor because of the cost. The cancer would have spread and I would not be alive today to tell you my story." - *Jaclyn Michalos, 27*



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## There's More to the Story

Before moving to Mass in 2007, she was told by an insurance agent in her home state:  
"You'll never get insurance, so don't waste your time."

After discovering Commonwealth Choice:  
"I did the whole thing online and got a very good plan. I was just thrilled!"

**Abbie von Schlegell ,  
Commonwealth Choice  
member**



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## Issues w/ MA Health Care Reform

1. Net state cost in FY10: < \$350 million
2. Exchange finances: self-supporting
  - \$25 million initial capitalization
  - \$13 million repaid
  - \$20 million current net worth (state's)
  - Admin budget = \$30 million (3% of premiums)

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## Key Steps in Organizing an Exchange under PPACA

- |                 |   |
|-----------------|---|
| <u>2010:</u>    | Planning (data, issues, strategy, grants)   |
| <u>2010/11:</u> | Reform insurance & authorize exchange   |
| <u>2010-13:</u> | Eligibility-determination system  |
| <u>2011/12:</u> | Develop plans of operation  |
| <u>2012/13:</u> | RFPs: IT/portal, premium billing/enrollment, customer service, marketing, navigators, health plans, auditor |
| <u>2013:</u>    | Testing/go-live   |

Detailed timeline from AcademyHealth (7/29/10)

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## Strategic issues for state exchanges

### 1. **Governance**: Connector a semi-independent public authority

- Fiscal agent for public funds
- Policymaking board of directors
- Coordinates w/ other state agencies
- Market-maker/promoter

Medicaid, DoI, HHS/OED?

Regional exchanges across state lines?

Private non-profit entities?

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## Strategic Issues

### 2. **Adverse selection & rating rules**

Community rating bands

Transition rules pre/post-2014

Merge non-group & small-group?

Standardize products

List billing

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## Strategic Issues

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### 3. Reducing distribution costs in non-group & small group

10% – 30% of premiums, nationally

versus

~ 3% in exchanges

## Strategic Issues

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### 4. Benefits specification

Begin with market research

Encourage innovation

Standardize for easy comparison

Manage change

## Strategic Issues

### 5. Carrier bidding

Managed competition

Transparency

Encourage systems integration?

Long-term relationships

How selective? (evolving)

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## Strategic Issues

### 6. Administrative challenges

Outreach & marketing

Integrated eligibility determination

Transparency of cost, access & quality

Simplification of choice & enrollment

Customer service (N-G & SHOP)

Advocacy?

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## Lessons Learned

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1. "It's a campaign"
2. Research & experiment
3. Communicate, communicate, communicate
4. Huge technology challenge/opportunity
5. Outsource, partner & collaborate

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## Lessons Learned

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6. Simplify and standardize
7. Consolidate legacy programs, if possible
8. Consider new exchange "applications"
9. Rationalize program eligibility
10. Reform health care delivery, too

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## **If you have questions,...**

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